

Message Text

PAGE 01 STATE 048057

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SUBJECT: NATO FORCE PROPOSALS/GOALS 1975-80 - UNITED
KINGDOM

REFS: (A) STATE 42348; (B) MCM-17-74; (C) USNATO 1220;
(D) USNATO 1278; (E) USNATO 1296

SECTION I: INTRODUCTION

1. THIS MESSAGE PROVIDES SPECIFIC GUIDANCE FOR MISSION USE
SECRET

PAGE 02 STATE 048057

DURING DRC REVIEW OF UNITED KINGDOM FORCE PROPOSALS/GOALS.
THE GENERAL APPROACH USED IN DEVELOPING THIS GUIDANCE WAS
DESCRIBED IN REFERENCE A. FYI. WE WOULD AGAIN REITERATE
THAT THE CONCEPT EMPLOYED IN ARRIVING AT U.S. PROPOSED

FORCE GOALS DOES NOT ATTEMPT TO SUPPLANT THE MILITARY CONSIDERATIONS EXPRESSED AS MC PRIORITIES IN FORCE PROPOSALS. RATHER, IT USES THOSE PROPOSALS AS A DEPARTURE POINT FOR A FURTHER PRIORITIZATION PROCESS INTENDED TO INTERWEAVE ECONOMIC, POLITICAL, AND USG POLICY CONSIDERATIONS INTO THE FORCE PLANNING PROCESSES OF THE ALLIANCE. END FYI.

2. AS DESCRIBED IN REF. A, OUR "REASONABLE CHALLENGE" FOR NATO COUNTRIES WAS DEFINED AS THE INCREMENTAL FUNDS -- OVER AND ABOVE CURRENT NATIONAL EXPENDITURE PLANS -- THAT

COUNTRIES WOULD HAVE DURING 1975-80 IF THEY MAINTAINED THEIR CURRENT PERCENTAGE OF GNP DEVOTED TO DEFENSE. IN THE CASE OF U.K., OUR "REASONABLE CHALLENGE" WOULD BE AN ADDITIONAL EXPENDITURE OF 1,445 MILLION POUNDS STERLING (MPS), OR AN INCREASE OF ABOUT SEVEN PERCENT OVER AND ABOVE OUR PROJECTION OF CURRENTLY PLANNED 1975-80 EXPENDITURES (20,512 MPS).

3. WE HAVE ALSO FOLLOWED THE PROCEDURE DESCRIBED IN REF. A FOR DISTILLING OUT OF REFS. B AND C, A U.S. PROPOSED LIST OF PRIORITY ONE FORCE GOALS. IN THE CASE OF THE U.K., NARROWING THE CRITERIA FOR PRIORITY ONE TO THOSE FORCE PROPOSALS WHICH SEEM TO ADVANCE NATO'S FORCE STRUCTURE TOWARDS THE OBJECTIVES EMPHASIZED BY SECRETARY SCHLESINGER HAS RESULTED IN THE PROPOSED FORCE GOALS INCLUDED BELOW IN TABLES III-C-1 THROUGH 3.

4. WE ASSUME MISSION WILL WORK CLOSELY WITH APPROPRIATE DELEGATIONS AND INTERNATIONAL STAFF IN CARRYING OUT MISSIONARY WORK PREPARATORY TO ACTUAL DRC SESSIONS.

5. THE FOLLOWING SECTIONS PROVIDE DETAILS ON THE FORCE PROPOSALS FOR THE UNITED KINGDOM.

SECTION II: COMPUTATION OF "REASONABLE CHALLENGE"
SECRET

PAGE 03 STATE 048057

EXPENDITURE TARGETS FOR U.K.

1. THIS SECTION DESCRIBES THE PROCESS USED TO ESTABLISH OUR REASONABLE CHALLENGE EXPENDITURE TARGETS FOR U.K. A SUMMARY OF THE KEY STEPS IS PRESENTED BELOW FOLLOWED BY A GENERAL DESCRIPTION OF DATA SOURCES AND ASSUMPTIONS.

1972 CONSTANT PRICES, MILLIONS OF POUNDS

(1)	(2)	(3)
PROJECTED	PERCENTAGE OF	1975-80 DEFENSE
1975-80	GNP CURRENTLY	EXPENDITURES TARGET
GNP	DEVOTED TO	BASED ON MAINTAINING

DEFENSE	CURRENT PERCENTAGE OF GNP DEVOTED TO DEFENSE	
362,929	6.05	21,957
(4)	(5)	(6)
PROJECTED	"REASONABLE CHALLENGE"	"REASONABLE
1975-80 DEFENSE	(DIFFERENCE	CHALLENGE" AS
EXPENDITURES	BETWEEN TARGET AND	A PERCENT OF
BASED ON CURRENT	NATIONAL PLANS)	PROJECTED
NATIONAL PLANS	(3) - (4)	EXPENDITURES
	BASED ON	
	NATIONAL PLANS	
20,512	1,445	7.0

SUMMARY OF KEY STEPS

2. FIRST, WE PROJECTED TOTAL U.K. GNP FOR 1975 THROUGH 1980 (COL. 1). NEXT, WE DETERMINED THE TOTAL FUNDS THAT WOULD BE AVAILABLE FOR DEFENSE DURING 1975-1980 IF U.K. ADHERED TO MINISTERIAL GUIDANCE CALLING FOR NATIONS TO ALLOCATE AT LEAST A CONSTANT SHARE OF THEIR NATIONAL WEALTH, I.E., THEIR GNP, TO DEFENSE (COL. 3). WE THEN DETERMINED WHAT FUNDS U.K. WOULD HAVE AVAILABLE FOR DEFENSE DURING 1975-1980 BASED ON CURRENT NATIONAL EXPENDITURE PLANS (COL.4). WE ASSUMED THAT THE

SECRET

PAGE 04 STATE 048057

FORCE PROPOSALS ALREADY IN NATIONAL FORCE PLANS WOULD BE FUNDED OUT OF THE AMOUNTS SHOWN IN COL. 4 AND THAT ADDITIONAL FUNDING, OVER AND ABOVE THE AMOUNTS SHOWN IN COL. 4, WOULD BE NECESSARY TO FUND ANY ADDITIONAL FORCE PROPOSALS (OTHER THAN NO COST/LOW COST PROPOSALS). COLUMN 5 IS THE DIFFERENCE BETWEEN TOTAL DEFENSE EXPENDITURES BASED ON MAINTAINING THE CURRENT GNP PERCENTAGE (COL. 3) AND TOTAL DEFENSE EXPENDITURES BASED ON CURRENT NATIONAL EXPENDITURE PLANS (COL. 4). THIS REPRESENTS OUR PROPOSED REASONABLE CHALLENGE, THE INCREMENTAL AMOUNT U.K. WOULD BE EXPECTED TO DEVOTE TO DEFENSE TO FUND PRIORITY ONE FORCE PROPOSALS THAT ARE NOT ALREADY IN COUNTRY PLANS. THE FIGURE OF 1.4 BILLION POUNDS FOR 1975-1980 IS APPROXIMATELY 60 PERCENT ABOVE THE INTERNATIONAL STAFF'S "LOW" ESTIMATE OF THE REASONABLE CHALLENGE, AS REPORTED IN DRC/WP (74)1, AND ABOUT 28 PERCENT BELOW ITS "HIGH" ESTIMATE. COLUMN 6 SHOWS OUR PROPOSED REASONABLE CHALLENGE (COL. 5) AS A PERCENT OF DEFENSE EXPENDITURES BASED ON CURRENT NATIONAL EXPENDITURE PLANS (COL.4). THIS PERCENTAGE INDICATES THE MAGNITUDE OF THE ADDITIONAL EFFORT THAT WOULD BE REQUIRED TO MEET THE PROPOSED REASONABLE CHALLENGE.

DATA SOURCES AND ASSUMPTIONS

3. PRICE BASE: ALL COMPUTATIONS WERE DEVELOPED ON THE BASIS OF 1972 CONSTANT PRICES. THIS WAS THE PRICE BASE USED BY SHAPE TECHNICAL CENTER IN ITS COST ESTIMATES OF THE FORCE PROPOSALS.

4. GNP PROJECTIONS (COLUMN 1): GNP PROJECTIONS ARE BASED ON THE FORECASTS PROVIDED IN NATO DOCUMENT DPC/D(73)23 (U.K.) ADJUSTED TO REFLECT RECENT INFORMATION CONCERNING THE IMPACT OF THE ENERGY CRISIS. BASED ON INFORMATION PROVIDED IN LONDON 1737, 7 FEB. 74, LONDON 949, 21 JAN. 73, LONDON 891, 21 JAN. 74, AND INFORMAL CONTACTS WITH OTHER USG AGENCIES WE ESTIMATED THAT U.K. GNP WOULD DECLINE 2 PERCENT IN REAL TERMS IN 1974. IT WAS ASSUMED THAT GNP WOULD GROW FOLLOWING 1974 (ONE PERCENT IN 1975 AND TWO PERCENT IN 1976) BUT DUE TO LINGERING EFFECTS OF THE ENERGY CRISIS WOULD NOT ACHIEVE THE ANNUAL GROWTH SECRET

PAGE 05 STATE 048057

RATE OF 3.5 PERCENT PROJECTED IN DPC/D(73)23 UNTIL AROUND 1977. WE ASSUMED THE 3.5 PERCENT GROWTH RATE WOULD THEN BE MAINTAINED THROUGH 1980. TOTAL 1975-1980 GNP PROJECTED AS DESCRIBED ABOVE IS APPROXIMATELY FIVE PERCENT LOWER THAN THE "LOW" GNP ESTIMATE MADE BY THE INTERNATIONAL STAFF IN DRC/WP(74)1 AND APPROXIMATELY NINE PERCENT BELOW THE "HIGH" GNP ESTIMATE PROVIDED IN THAT DOCUMENT.

5. CURRENT GNP PERCENTAGE DEVOTED TO DEFENSE (COLUMN 2): THIS FIGURE, CALCULATED USING THE GNP PERCENTAGES SHOWN IN NATO DOCUMENT ISM (73) 11, REPRESENTS THE AVERAGE OF U.K.'S 1972 AND 1973 GNP PERCENTAGES. SINCE GNP PERCENTAGES WILL FLUCTUATE FROM YEAR TO YEAR AND SINCE 1973 DATA IS STILL SUBJECT TO CHANGE, THE AVERAGE FOR THE TWO MOST RECENT YEARS, 1972 AND 1973, WAS CONSIDERED TO BE A MORE REPRESENTATIVE INDICATION OF A COUNTRY'S RECENT EFFORT THAN EITHER 1972 OR 1973 ALONE. THE GNP PERCENTAGE DEVELOPED AS DESCRIBED ABOVE IS HIGHER THAN THE GNP PERCENTAGE USED IN DRC/WP(74)1 (5.87 PERCENT) WHICH EVIDENTLY WAS BASED ON 1973 ALONE.

6. TOTAL DEFENSE EXPENDITURES BASED ON CURRENT NATIONAL PLANS (COLUMN 4): BASED ON INFORMATION PROVIDED BY U.S. MISSION NATO (USNATO 819) WE ASSUMED NO REAL GROWTH IN U.K. DEFENSE EXPENDITURES FOR 1974 THROUGH 1980. THE 1975-1980 TOTAL DEVELOPED ON THIS BASIS IS APPROXIMATELY FOUR PERCENT BELOW THE INTERNATIONAL STAFF ESTIMATE PROVIDED IN DRC/WP(74)1.

SECTION III: PRIORITY ONE DRAFT GOALS FOR THE UNITED

KINGDOM.

1. BY THE PROCEDURE DETAILED IN REF. A WE HAVE IDENTIFIED PROPOSALS WHICH MET THE SECDEF CRITERIA. THESE WERE GIVEN U.S. PRIORITY ONE, INDEPENDENT OF THE MC PRIORITY. IF COSTS WERE INCLUDED WITHIN COUNTRY PLANS, A LETTER C APPEARS IN THE COST COLUMN OF EACH OF THE FOLLOWING THREE TABLES. COSTS INDICATED ARE THOSE COSTS OVER AND ABOVE DRAFT COUNTRY PLANS. TABULATED IN TABLES C-1, C-2 AND C-3 BELOW ARE PROPOSED GOALS FOR THE LAND, AIR
SECRET

PAGE 06 STATE 048057

AND MARITIME FORCES OF THE U.K. THOSE PROPOSALS MEETING SECDEF CRITERIA FOR WHICH COSTS HAVE BEEN IDENTIFIED AMOUNT TO 100.3 MILLION POUNDS STERLING. THAT AMOUNT DOES NOT INCLUDE THE REMAINING COSTS OF PROPOSALS FOR WHICH ONLY PARTIAL COSTS HAVE BEEN IDENTIFIED, NOR THE COST OF PROPOSALS WHICH MET THE SECDEF CRITERIA FOR U.S. PRIORITY ONE, BUT FOR WHICH COSTS HAVE NOT BEEN AVAILABLE.

2. FOR U.S. PRIORITY ONE PROPOSALS, ESTABLISHED IN ACCORDANCE WITH CRITERIA OUTLINED IN SECDEF STATEMENTS TO NATO, THE U.S. TYPE CODES SHOWN ON THE TABLES ARE AS FOLLOWS:

TYPE CODE	PURPOSE OF PROPOSAL
-----------	---------------------

M	MAINTAIN THE CURRENT SIZE AND READINESS OF FORCES, REPLACING WORN-OUT OR OBSOLETE EQUIPMENT AS NEEDED.
---	--

NC	MAKE IMPROVEMENTS THAT HAVE LITTLE OR NO COST.
----	--

R/S	TAKE ADVANTAGE OF EFFICIENCIES GAINED THROUGH RATIONALIZATION AND SPECIALIZATION OF FORCES.
-----	---

AT	IMPROVE ANTI-ARMOR DEFENSES.
----	------------------------------

AD	IMPROVE CLOSE IN AIR DEFENSES.
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AP	IMPROVE AIRCRAFT PROTECTION THROUGH SHELTERS AND DISPERSAL.
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EW	IMPROVE ECM/ECCM CAPABILITIES.
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WR	INCREASE WAR RESERVES, ESPECIALLY PRECISION MUNITIONS.
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SECRET

TABLE III-C-1 HIGHEST PRIORITY FORCE PROPOSALS
COUNTRY: UK FORCE: LAND

SECRET

PAGE 07 STATE 048057

1975-80 PROPOSAL SERIAL NO.	COST OVER AND ABOVE COUNTRY PLANS (MPS)	U.S. MC PRIORITY	TYPE CODE
1L01CA	C	I	M
1L01CB	19.5	I	M
1L03C	C	I	AD
1L04	COST NOT AVAILABLE	IV	M
1L05C	C	I	EW
1L06C	2.4	I	EW
1L07C	C	I	EW
1L08C	12.0	I	EW
1L13C	1.8	II	WR
1L16C	COST NOT AVAILABLE	III	EW
1L17C	C	III	AT
1L18C	C	I	EW

TOTAL: 4 AT 35.7 MILLION POUNDS STERLING
 2 AT COST NOT AVAILABLE
 6 FOR WHICH COSTS INCLUDED IN COUNTRY PLANS

TABLE III-C-2 HIGHEST PRIORITY FORCE PROPOSALS
 COUNTRY: UK FORCE: AIR

1975-80 PROPOSAL SERIAL NO.	COST OVER AND ABOVE COUNTRY PLANS (MPS)	U.S. MC PRIORITY	TYPE CODE
1A02A	C	I	EW
1A02B	C	I	EW
1A02C	3.4	I	EW,NC
1A02D	6.6	I	EW,NC
1A03	COST NOT AVAILABLE	I	AD,NC(?)
1A06	C	I	WR,AT
1A07	COST NOT AVAILABLE	I	NC(?)
1A08	COST NOT AVAILABLE	I	EW
1A09	10 #	I	EW,NC(?)
1A10A	0 ##	I	EW,NC
1A10B	0 ##	I	EW,NC
1A15	4.6	II	AD
1A17	COST NOT AVAILABLE	I	EW

SECRET

PAGE 08 STATE 048057

TOTALS; 4 AT 24.6 MILLION POUNDS STERLING
 # (INCLUDING ONE FOR WHICH ONLY PARTIAL COSTS
 KNOWN)
 4 FOR WHICH COST NOT AVAILABLE

2 AT NO COST (INVESTIGATION ONLY)

3 FOR WHICH COSTS INCLUDED IN COUNTRY PLANS

TABLE III-C-3 HIGHEST PRIORITY FORCE PROPOSALS

COUNTRY: UK FORCE: MARITIME

1975-80 PROPOSAL SERIAL NO.	COST OVER AND ABOVE COUNTRY PLANS (MPS)	PRIORITY	MC	U.S. TYPE CODE
1M01S	31	I	M	
1M02S	C	I	EW	
1M03S	9	I	EW	
2M01	COST NOT AVAILABLE	I	M	
2M02	COST NOT AVAILABLE	I	M	
2M03	COST NOT AVAILABLE	I	M	
2M05	COST NOT AVAILABLE	I	M	
2M08	COST NOT AVAILABLE	II	M	
2M09/10	COST NOT AVAILABLE	II	M	
2M11	COST NOT AVAILABLE	II	M	
2A19	COST NOT AVAILABLE	I	EW	
2M19	COST NOT AVAILABLE	I	EW	
2M21	COST NOT AVAILABLE	I	AD	
2M26	COST NOT AVAILABLE	I	EW	
2M31	COST NOT AVAILABLE	II	AD	

TOTALS: 2 AT 40 MILLION POUNDS STERLING

12 AT COSTS NOT AVAILABLE

1 FOR WHICH COSTS INCLUDED IN COUNTRY PLANS

SECTION IV: U.S. PROPOSAL

1. COST OF PROPOSED U.S. PRIORITY ONE GOALS.

A. THE TOTAL COSTS OF U.S. SUGGESTED PRIORITY ONE LAND, AIR, AND MARITIME DRAFT FORCE GOALS, OVER AND ABOVE
SECRET

PAGE 09 STATE 048057

CURRENT U.K. COUNTRY PLANS IS 100.3 MILLION POUNDS STERLING.

B. ACCORDINGLY, IF ACCEPTED, THE U.S. PROPOSED FORCE GOALS FOR THE U.K. WOULD REQUIRE AN EXPENDITURE INCREASE OVER AND ABOVE ESTIMATED CURRENT NATIONAL PLANS (20,512 MILLION POUNDS STERLING) OF ABOUT ONE HALF OF

ONE PERCENT. THAT AMOUNT WOULD NOT APPEAR TO BE TOO GREAT A BURDEN.

C. THE TABLE BELOW SUMMARIZES THE TOTAL COSTS OF U.S. PROPOSED PRIORITY ONE LAND, AIR, AND MARITIME DRAFT FORCE GOALS, OVER AND ABOVE CURRENT U.K. COUNTRY PLANS,

AND COMPARES THAT TOTAL TO THE ADDITIONAL AMOUNT THAT
COULD BE SPENT WERE THE U.K. TO ACCEPT AS A REASONABLE
CHALLENGE AN EXPENDITURE THROUGH 1980 OF THE SAME PERCENT
OF GNP AS NOW DEVOTED TO DEFENSE, OR 1,445 MILLION
POUNDS STERLING.

TABLE III-D-1: ADDITIONAL FUNDS FOR DRAFT FORCE GOALS
(MILLION POUNDS STERLING):

AVAILABLE 1975-1980 AT CURRENT PERCENT OF GNP	1,445
LESS IDENTIFIED COSTS OF U.S. PRIORITY ONE PROPOSALS	100
BALANCE AVAILABLE	1,345

2. THE U.S. SHOULD PROPOSE THAT:

A. THE U.K. ACCEPT AS FORCE GOALS ALL LISTED PROPOSALS
FOR WHICH COSTS HAVE BEEN IDENTIFIED ON TABLES III-C-1
THROUGH 3;

B. THE U.K. UNDERTAKE SUCH ADDITIONAL FORCE PROPOSALS
FROM AMONG THOSE FOR WHICH COSTS HAVE NOT YET BEEN FULLY
IDENTIFIED IN THOSE SAME TABLES AS CAN BE ACCOMMODATED
WITHIN AN EXPENDITURE OF A TOTAL OF 1,345 MILLION
SECRET

PAGE 10 STATE 048057

POUNDS STERLING OVER AND ABOVE CURRENT COUNTRY PLANS; AND

C. FIRST PRIORITY BE GIVEN TO TH
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